

Message Text

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PAGE 01 STATE 216374

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TO AMEMBASSY BELGRADE PRIORITY

C O N F I D E N T I A L STATE 216374

EXCON

E.O. 11652: GDS

TAGS: ESTC, YO

SUBJECT: EXCON:BELGRADE MEETING, SEPTEMBER 13-15

WASHINGTON PROPOSES FOLLOWING SCENARIO FOR EXCON TEAM'S VISIT. ANY SUGGESTIONS AND/OR COMMENTS WELCOMED AS SOON AS POSSIBLE. AIRGRAM FOLLOWS SENDING SUPPORTING PAPERS. TEAM, OF COURSE, WILL DISCUSS ALL FULLY WITH EMBASSY PRIOR TO SITTING DOWN WITH YUGOSLAWS.

(1) OBJECTIVE OF VISIT IS TO REACH AGREEMENT WITH GOY RESPECTING AN EXPORT CONTROL MECHANISM THAT WILL PROVIDE SATISFACTORY ASSURANCES THAT US GOODS WILL NOT BE DIVERTED AND THUS PERMIT RAPID PROCESSING OF EXPORT LICENSE APPLICATIONS. THERE ARE SEVERAL MAJOR ISSUES, AS FOLLOWS, CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 216374

WHICH WILL BE COVERED MORE SPECIFICALLY IN SUBSEQUENT PARAS:

A. IMPORTANCE OF YUGOSLAV REPORT ON OLD DIVERSIONS;

B. EXPOSITION OF YUGOSLAV CONTROL AND ENFORCEMENT
TECHNIQUES;

C. BETTER END-USE AND END-USER INFORMATION;

D. NEED FOR US PARTICIPATION IN PRE AND POST
LICENSING CHECKS;

E. EDUCATION OF YUGOSLAV ENTITIES RE US EXCON
REQUIREMENTS. - -

(2) YUGOSLAV REPORT ON OLD DIVERSIONS

A. PRIMARY PURPOSE OF VISIT IS TO IMPROVE
MUTUAL EXPORT CONTROL MECHANISMS. ALTHOUGH WE NEED
ANSWERS TO A NUMBER OF QUESTIONS ABOUT THE DIVERSIONS,
INCLUDING IDENTITY OF US PARTICIPANTS, WE SHOULD USE OLD
CASES PRINCIPALLY TO EMPHASIZE NEED FOR IMPROVED MECHANISMS
AND TO OBTAIN SUCH CONCESSIONS AS ARE NECESSARY TO
ESTABLISH A SATISFACTORY MUTUAL CONTROL SYSTEM.

B. TEAM SHOULD PRESS THE GOY FOR A REPORT ON
THE DIVERSIONS CALLED TO ITS ATTENTION IN 1974, AND
SUBSEQUENT ONE. IT SHOULD BE EMPOWERED TO STATE THAT
UNLESS THE GOY SUBMITS A CANDID AND TIMELY REPORT, THE USG
MAY HAVE TO TAKE UNILATERAL ACTION ON ITS OWN.

C. TEAM WOULD PURSUE INQUIRIES ABOUT DIVERSIONS
ALONG LINES SET FORTH IN STATE 303689. (THESE WILL BE SET
FORTH ALSO IN AIRGRAM). - -

D. WITH RESPECT TO POSSIBLE IMPOSITION OF
SANCTIONS AGAINST OFFENDING YUGOSLAV FIRMS, CONCLUSION CAN
ONLY BE REACHED AFTER APPRAISAL OF YUGOSLAV RESPONSE AND
ASSESSMENT OF MEETING RESULTS.

(3.) EXPOSITION OF YUGOSLAV CONTROL AND ENFORCEMENT
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CONFIDENTIAL

PAGE 03 STATE 216374

TECHNIQUES. TEAM WILL PRESS FOR EXPLANATION OF YUGO EXPORT
CONTROLS AS PARTICULARLY RELATES TO REEXPORTS, THAT IS
LEGAL BASIS, TECHNIQUES AND PROCEDURES. INTERRELATIONSHIP
BETWEEN IMPORT CONTROLS
AND EXPORT CONTROLS. OBJECT IS TO ASCERTAIN WHETHER OR
NOT GOY CONTROL SYSTEM CAN MEET REQUIREMENTS IMPOSED BY
US SYSTEM FOR FREE WORLD COUNTRIES.

(4.) END-USE AND END-USER INFORMATION.

A. TEAM SHOULD INDICATE THAT EXPERIENCE SINCE LAOMPT SUPPLYIT-HAS NOT OVERCOME A FUNDAMENTAL PROBLEM, PROMPT SUPPLY OF INFORMATION ON END-USERS, AS OPPOSED TO IMPORTING AGENCIES, AND ACTUAL END-USE. THIS INFORMATION IS ESSENTIAL FOR RAPID PROCESSING OF APPLICATIONS.

B. TEAM WOULD REPEAT ITS REQUEST THAT SUCH INFORMATION BE INCLUDED ON THE YUGOSLAV END USE CERTIFICATE (EUC).

C. AS AN ALTERNATIVE, TEAM WOULD PROPOSE THAT THE END-USER, AS OPPOSED TO IMPORTING AGENCY, COMPLETE THE DOC CONSIGNEE/PURCHASER STATEMENT, AND THIS WOULD BE SUPPLIED IN ADDITION TO THE EUC TO THE US EXPORTER. OR, YUGO CHAMBER WOULD AUTHENTICATE IT.

D. AS ANOTHER ALTERNATIVE, THE ANSWERS TO THE YUGO CHAMBER'S QUESTIONNAIRE ON WHICH EUC ISSUANCE IS BASED COULD BE SENT (1) WITH THE EUC OR (2) BY THE CHAMBER TO THE EMBASSY FOR TRANSMITTAL TO WASHINGTON.

E. THE QUESTION OF MILITARY END-USERS SHOULD AGAIN BE RAISED WITH THE INTENT OF (1) INDICATING WE DO NOT APPRECIATE USE OF THIS REPLY TO OBFUSCATE REAL END-USE AND (2) ALLAYING SUSPICION THAT WE WISH TO PRY INTO TRULY CLASSIFIED USES.

(5) PRELICENSE AND POST-SHIPMENT CHECKS.

A. TEAM SHOULD INDICATE THAT PRE-LICENSE CHECKS WILL STILL BE NECESSARY FOR SOME SENSITIVE SHIPMENTS
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 216374

EVEN IF BETTER END-USE INFORMATION IS SUPPLIED WITH APPLICATIONS. COMMENT SHOULD BE MADE THAT SINCE 1974 TEAM VISIT, OUR EXPERIENCE SHOWS THAT ANSWERS FROM YUGO CHAMBER TAKE VERY LONG; ANSWERS ARE OFTEN VERY VAGUE; AND SOME CASES HAVE HAD TO BE REJECTED BECAUSE END-USES WERE UNREASONABLE FOR CALIBER OF EQUIPMENT ORDERED.

B. TEAM SHOULD ASK WHETHER PRE-LICENSE CHECKS COULD BE MADE BY EMBASSY AND CONGEN STAFFS. WE BELIEVE ANSWER WILL BE NO, BUT WE SHOULD ASK.

C. TEAM SHOULD INDICATE THAT, LIKEWISE, POST-SHIPMENT CHECKS ARE NECESSARY FOR SENSITIVE SHIPMENTS, INCLUDING PHYSICAL INSPECTION ON SITE OF THE GOODS. A NUMBER OF APPLICATIONS WERE APPROVED IN 1975 AND 1976 ON

UNDERSTANDING SOME EFFECTIVE RECKONING WOULD BE MADE. HOW DOES CHAMBER MAKE ITS POST-SHIPMENT CHECKS? CAN EMBASSY/CONGEN MAKE THEM OR COULD THEY PARTICIPATE IN CHAMBER'S CHECKS?

- D. IF EMBASSY/CONGEN CANNOT PARTICIPATE IN POST-SHIPMENT CHECKS, WHAT DOCUMENTS CAN THE YUGO CHAMBER SHARE WITH THE USG ON A CONFIDENTIAL BASIS REGARDING RECEIPT AND DISPOSTION OF US GOODS?

E. TEAM SHOULD ASK FOR OR ABOUT THE RESULTS OF DIMOV'S POST SHIPMENT CHECKS, WHICH HE SAID LAST YEAR HE WOULD MAKE FOR ALL EUC'S HE HAD ISSUED.

(5) EDUCATION OF YUGOSLAV ENTITIES RE US EXCON REGULATIONS.

A. TEAM IN 1974 EMPHASIZED CONTROLS OVER REEXPORTS OF US ORIGIN GOODS IN FORM RECEIVED. ALTHOUGH CONTROLS OVER USE OF US MATERIALS, PARTS AND COMPONENTS IN THIRD COUNTRY PRODUCTS AND OVER THIRD COUNTRY PRODUCTS OF US TECHNOLOGY WERE DESCRIBED, EXTENSIVE DISCUSSION DID NOT TAKE PLACE. TEAM NOW WOULD CALL THESE REGULATIONS TO ATTENTION OF YUGOSLAVS.

B. TEAM SHOULD ASK WHAT CHANNELS EXIST FOR
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CONFIDENTIAL

PAGE 05 STATE 216374

INFORMING YUGOSLAV ENTITIES OF US REGULATIONS REQUIRING USG AUTHORIZATION FOR (1) REEXPORTS IN FORM RECEIVED, (2) USE OF US MATERIALS, PARTS AND COMPONENTS IN YUGOSLAV END PRODUCTS AND (3) YUGOSLAV PRODUCTS OF US TECHNOLOGY. CAN THIS INFORMATION BE INCLUDED IN A PUBLICATION OF THE YUGO CHAMBER AND REGIONAL CHAMBERS? POINT SHOULD BE MADE THAT PARTS AND COMPONENTS AND TECHNOLOGY CONTROLS ARE NOT SO LIKELY TO BE KNOWN BY YUGOSLAV MANUFACTURERS BUT ARE VERY IMPORTANT.

C. TEAM COULD OFFER TO SPEND ANOTHER DAY OR TWO IN BELGRADE (THURSDAY OR FRIDAY) TO MEET FIRMS THAT WOULD LIKE BRIEFING ON EXPORT CONTROLS AS WELL AS CHAMBER AND GOY PERSONNEL. N.B. EMBASSY WOULD HAVE TO ASK YUGOSLAVS ABOUT THIS RIGHT AWAY AND INFORM WASHINGTON.

D. AMBASSADOR COULD SUGGEST TO YUGOSLAVS PERIODIC MEETINGS ON EXPORT CONTROLS IN WASHINGTON AS WELL AS BELGRADE. ROBINSON

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